

Message Text

CONFIDENTIAL

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ACTION NEA-10

INFO OCT-01 ARA-06 EUR-12 EA-07 ISO-00 ERDA-05 AID-05

CEA-01 CIAE-00 COME-00 DODE-00 EB-08 FPC-01 H-01

INR-07 INT-05 L-03 NSAE-00 NSC-05 OMB-01 PM-04

USIA-06 OES-06 SP-02 SS-15 STR-04 TRSE-00 ACDA-07

FEA-01 PA-01 PRS-01 /125 W

-----272318Z 014653 /70

R 271535Z APR 77

FM AMEMBASSY JIDDA

TO SECSTATE WASHDC 8148

INFO AMEMBASSY BAGHDAD

AMEMBASSY ABU DHABI

AMEMBASSY CARACAS

AMCONSUL DHAHRAN

AMEMBASSY KUWAIT

AMEMBASSY LONDON

AMEMBASSY MANAMA

AMEMBASSY TEHRAN

AMEMBASSY TOKYO

USOECN PARIS

C O N F I D E N T I A L JIDDA 3106

E.O. 11652: GDS

TAGS: ENRG, SA

SUBJECT: PEREZ VISIT AND SAG VIEWS ON OIL PRICE DISPUTE

1. VISITING VENEZUELAN PRESIDENT PEREZ TOLD PRESS CONFER-
ENCE IN RIYADH APRIL 26 THAT HIS TALKS WITH SAG LEADERS ON
OIL PRICE ISSUE WERE CONSTRUCTIVE AND POSITIVE, BUT THAT
THERE WAS NO AGREEMENT REACHED. HE SAID AGREEMENT COULD
ONLY BE REACHED AT LEVEL OF OPEC AS A WHOLE, AND PREDICTED
THAT OPEC SOLIDARITY WOULD BE RENEWED AT COMING STOCKHOLM
MEETING. HE RULED OUT POSSIBILITY OF OPEC SUMMIT BEFORE
JULY BUT SAID ONE MIGHT BE POSSIBLE SUBSEQUENTLY, AND
THAT VENEZUELA WOULD WISH TO HOST ANY SUCH MEETING.

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2. DEPUTY MINISTER OF PETROLEUM AL-TURKI TOLD US APRIL
26 THAT HE SAW "SOME INDICATIONS" THAT PEREZ VISIT COULD
LEAD TO POLITICAL-LEVEL EFFORT TO SOLVE OPEC TWO-TIER
PRICE DISPUTE, BUT THAT HE WAS NOT YET IN THE PICTURE AS
TO WHAT SUGGESTIONS, IF ANY, PEREZ HAD BROUGHT WITH HIM.
HE STRESSED THAT ANY MOVE TOWARD PRICE SETTLEMENT WOULD

DEPEND ON SAUDI VIEW OF OVERALL POLITICAL SITUATION, INCLUDING PROGRESS OR LACK OF IT TOWARD MIDDLE EAST SETTLEMENT.

3. SAG IS IN NO HURRY TO COMPROMISE ON PRICE ISSUE, AL-TURKI SAID. EXPRESSING CONFIDENCE THAT MARKET FORCES WOULD EVENTUALLY SUPPORT SAUDI POSITION, HE POINTED OUT THAT MARKET WAS BEGINNING TO SOFTEN AND THAT PRICE HAWKS WERE WAVERING. CONSUMERS SHOULD DO NOTHING WHICH WOULD WEAKEN THIS TREND. KEY TO SITUATION HOWEVER REMAINS WITH IRAN AND WHETHER SHAH WILL BE ABLE TO BACK DOWN OFF HIS INSISTENCE ON JULY INCREASE.

4. SAG WILL STAND ON ITS OFFICIALLY ANNOUNCED MONTHLY OIL EXPORT FIGURES, AL-TURKI SAID, AND DOES NOT INTEND TO ISSUE SPECIFICS ON REFINERY RUNS, CUSTOMERS, ETC. HE NOTED HIS BELIEF THAT OTHER PRODUCERS, E.G., IRAQ, WERE FALSIFYING THEIR FIGURES. (ANNOUNCED CRUDE EXPORTS FOR MARCH - INCLUDING PETROMIN AND BAPCO LIFTINGS IN ARAMCO FIGURES - ARE 9,302,628 B/D FOR ARAMCO; 77,736 B/D FOR SAUDI SHARE OF ARABIAN OIL CO., AND 90,622 B/D FOR GETTY, FOR TOTAL 9,740,986 B/D. RAS TANURA AND DOMESTIC REFINERIES PROCESSING AN ADDITIONAL 475,000 OR SO B/D)

5. NO SOLUTION HAS BEEN REACHED ON NEUTRAL ZONE OIL PRICING, AL-TURKI SAID. HE SAID KUWAITIS WERE "IN A POLITICAL BOX"; THEY WERE UNDER CONSIDERABLE PRESSURE FROM IRAQ NOT TO LOWER PRICES. MOREOVER, THEY DID NOT WANT TO UNDERCUT THEIR OWN CRUDE SALES BY COMPROMISE ON CONFIDENTIAL

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NEUTRAL ZONE. UNDER CIRCUMSTANCES, AL-TURKI SAID HE WAS SURPRISED AT QUANTITY OF OIL JAPANESE WERE SELLING AT "PROVISIONAL" PRICE.
PORTER

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01-Jan-1994 12:00:00 am
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Control Number: n/a
Copy: SINGLE
Sent Date: 27-Apr-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 22 May 2009
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
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Drafter: n/a
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Executive Order: GS
Errors: N/A
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Litigation History:
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Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
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Status: NATIVE
Subject: PEREZ VISIT AND SAG VIEWS ON OIL PRICE DISPUTE
TAGS: ENRG, SA, PE, OPEC, (PEREZ, CARLOS ANDRES)
To: STATE
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